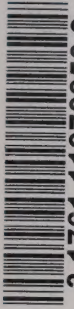


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PUBLIC SERVICE 2000

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August 1991



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PUBLIC SERVICE 2000

INTRODUCTION

Public Service 2000 is the name of both a government policy initiative to reform the Public Service and a small secretariat within the Privy Council Office, which is coordinating the initiative. By reform of the Public Service is meant a series of administrative, legislative and attitudinal changes to the procedures and practices of human resource management. The motto of Public Service 2000, borrowed from the Glassco Royal Commission on Government Organization (1962),* is "let the managers manage" and the multiple objectives announced for the initiative by the Prime Minister in December 1989 may be summarized in terms of enhanced service delivery through simplification and delegation of the personnel decision-making process. A wide range of administrative areas related to personnel, such as budgeting and accountability, are also covered by the Public Service 2000 reforms. Table 1 provides a brief chronology of the enterprise, which has proceeded from the reported work of 10 task forces made up of senior officials, through the tabling in the House of Commons of the government's White Paper on Public Service 2000 (December 1990), to the introduction of Bill C-26 (the Public Service Reform Act) in June 1991.

Although the task forces made some 300 recommendations and there are upwards of 80 policy decisions in the White Paper, including several key measures that have become part of Bill C-26, the activities (to date) of Public Service 2000 may be grouped in relatively few areas, discussed below, after Table 1, a chronology of Public Service 2000.

* An outline of the major studies on public service reform, from Glassco on, is contained in Appendix "A".

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Table 1

Chronology of Public Service 2000

- 12 December 1989 - Prime Minister Mulroney announces initiative to renew Public Service under President of Treasury Board and Clerk of the Privy Council with creation of a unit in Privy Council Office.
- 30 April 1990 - Status Report by the President of the Treasury Board on work of nine task forces composed of 90 senior officials, supported by Treasury Board and Public Service Commission staff:
1. Administrative policies and common services;
 2. Resource management and budget controls;
 3. Service to the public;
 4. Staff relations;
 5. Work force adaptation;
 6. Compensation and benefits;
 7. Occupational and classification structure;
 8. Staffing; and
 9. Management category
- (a 10th, on staff training and development, was added in June 1990).
Interim recommendations on greater delegation, improved resource management.
- 13 June 1990 - Public Accounts Committee completes a series of hearings on the reform of the Public Service and Public Service 2000.
- August-September 1990 - Task Forces complete and circulate reports "for discussion."
- September 1990 - Public Service 2000 continues consultation process with Public Service unions on the task force reports.
- 8 November 1990 - Public Accounts Committee's 7th Report recommends: delay in process for further consultations under the aegis of a Special House committee, tabling of a discussion paper to be referred to this committee, and several other specific morale-related matters.
- 12 December 1990 - White Paper on Public Service 2000 tabled in the House of Commons; further consultations with the unions and public servants announced; legislation postponed.
- 18 June 1991 - First Reading of Bill C-26, the Public Service Reform Act.

COLLECTIVE BARGAINING

Collective bargaining was first introduced in the federal Public Service in the late 1960s and differs from that in the private sector in a number of important respects. Treasury Board, as a Cabinet committee acting through its secretariat of officials, is the employer and bargains with the unions certified by a neutral adjudicative agency, the Public Service Staff Relations Board (PSSRB). The unions represent employees organized according to the occupational groupings of the classification system. Although the right to strike is established in legislation, the government may - and does - withdraw that right: for example, the President of the Treasury Board, in the House of Commons on 19 June 1991, indicated the government's intention to legislate public servants back to work in the event of strike action over the compensation restraints (0%-3%-3% over the next three years) announced in the February Budget. Other notable limitations in Public Service collective bargaining are that the scope of bargaining excludes staffing and classification, and that persons occupying positions involving public safety, security, managerial and confidential duties are excluded from the process.

Public Service 2000, through the task force reports and extensive consultations with the unions, has generated a series of proposed reforms in collective bargaining embodied in Bill C-26. A major thrust relates to the Public Service Staff Relations Board's role in dispute resolution and in the designation of excluded positions. With respect to dispute resolution:

The PSSRB would be empowered to:

- (a) Provide ... conciliation or fact-finding services upon request or to impose these when negotiations break down (fact finding is a new activity and Bill C-26 would also allow greater discretion and authority than previously to the Chairperson of the PSSRB);
- (b) Supply arbitration services only when satisfied that other methods will not help and negotiations are at an impasse (greater discretionary power); and
- (c) Supply arbitration services upon request from both parties where the conciliation/strike route has been chosen and when other methods do not seem likely to

lead to agreement (this would allow greater flexibility in the conciliation process).⁽¹⁾

In the area of safety and security designations, often a focal point of union-government dispute, Bill C-26 would provide for the establishment of a tripartite panel of the parties, which would make decisions on designations; this would be a departure from the present system of government designations subject to PSSRB review. Under the new process, in the event of a failure to agree on designations, the final decision would lie with the PSSRB.

The reduction in the number of classifications (outlined in the next section of this paper), a major Public Service 2000 reform, would have a direct impact on collective bargaining because occupational groups form the basis for union organization, representation, certification, etc. under the *Public Service Staff Relations Act*. Bill C-26 thus includes provisions that would realign the process in accordance with the new classifications. One innovation in this regard is the formal recognition in the bill of the practice of master bargaining, which allows negotiations for any number of bargaining units to proceed under one umbrella.

Bill C-26 also contains provisions allowing for consultations with the unions in areas such as the making of Treasury Board regulations related to deployment (see below).

STAFFING, DEPLOYMENT AND CLASSIFICATION

Complex staffing procedures based on the merit principle have evolved to the point where three times as many people are needed to manage the Public Service personnel system as are needed by leading private sector employers.⁽²⁾ The slowness and inefficiency of the staffing system

(1) Canada, *Public Service 2000, Report of the Task Force on Staff Relations*, August 1990, p. 1 (comments in parentheses added).

(2) Canada, *Public Service 2000 (White Paper)*, December 1990, p. 35.

are seen in the fact that it takes an average of 105 days to staff a Public Service position by internal competition, but only approximately 60 days to staff a position in selected Crown corporations.⁽³⁾ Classification, a similarly complex activity, is directly related to staffing in the sense that the completion of a staffing action normally requires a duly classified position. The scale of classification activity is enormous: in 1989-90, there were approximately 202,000 classification actions for some 320,000 established positions. A "normal" annual level of classification activity ranges between 40 to 50% of the total position establishment for the Public Service.⁽⁴⁾ At present, there are six occupational categories (e.g., scientific and professional, technical, operational), 72 occupational groups (e.g., "CR" or clerical, "AS" or administrative, "SE" or scientific research) and 106 sub-groups, each group having several salary levels. The Auditor General has referred to the classification system as complex, costly, time-consuming and insufficiently responsive to organizational needs (1990 Annual Report, paragraph 1.120).

At present, staffing is the responsibility of the Public Service Commission (PSC), although mostly delegated to departments, while the Treasury Board Secretariat (TBS) exercises control over classification, with substantial delegation taking place there also.

The two major areas of reform brought forward by Public Service 2000 are deployment and a simplified classification scheme. In addition, PSC and TBS are committed to a series of streamlining measures, such as a substantial reduction in the quantity and scope of rules, policy manuals, etc.

The deployment provisions of Bill C-26 would confer upon Treasury Board (with delegation to deputy heads of departments and agencies) the power to establish a system of deploying public servants to positions throughout the service at the same level or rank, as opposed to the present system of appointing an employee to a given position with a

(3) Canada, Public Service Commission, *Follow-up Report to the Public Accounts Committee*, June 1990.

(4) Canada, Public Service 2000, *Report of the Task Force on Classification*, July 1990.

defined job description fixed in a department's hierarchy. Deployment is an expansion of the appointment-to-level approach already followed in some areas of the Public Service, such as the foreign service officers group, with the important qualification that promotions are not yet part of the scheme. There is also a connection with the use of exclusion orders, a device under the *Public Service Employment Act* to allow the Public Service Commission to exclude positions from the application of the appointment-by-merit system. Thus, the Transfer Exclusion Approval Order (P.C. 1989-1093, June 1989) facilitates the appointment of employees moving to positions in the same group at the same or a lower level; these employees do not have to be the best qualified for the job.⁽⁵⁾ Deployment is meant to be carried out on a voluntary basis and Bill C-26 would allow public servants a process of appeal and redress, through the Public Service Commission.

The significance of deployment lies in its flexibility for management as a means of removing from the strictures of the appointment-by-merit process a large category of staffing actions; only recruitment and promotion would need to conform to the existing system, while job assignment under the deployment scheme would be a matter for the manager and the employee to decide largely between themselves.

The other major change to the personnel system is the proposed simplification and realignment of job classifications (see Appendix "B"). While Bill C-26 would provide the enabling framework, including a six-year transition period, many of the changes to the classification system already lie within the authority of Treasury Board. It is proposed to reduce the number of occupational groups to 23 (from 72) and create a super-group, viz. the "General Services Group" (or "GEs") which would number in excess of 100,000 public servants (nearly one-half of the total), combining administrative, clerical, data processing, etc. groups. With far fewer classifications and levels, the Public Service would be less costly to administer, staff and classify, although the task

(5) Canada, Public Service Commission, *1989 Annual Report*, p. 59.

of transition, redoing almost every job description, for example, may well be a daunting one.

Public Service 2000 has also laid much emphasis on delayering of the Public Service and this is being done in the first instance in the proposed executive group; the current six-level structure will be collapsed into three levels, from two occupational groups to one. There would be no more than three senior reporting relationships below the deputy minister. A factor influencing the reform of the executive group, including use of appointment-to-level, is the impact of the restraint program announced in the February 1991 Budget, which will cut 10% from senior management ranks.

In addition to deployment and classification changes, Bill C-26 contains other significant matters related to staffing. For example, the conditions for casual employment would be broadened to allow appointment (outside the merit system) for up to three months and probationary conditions would allow for only one period of probation upon appointment to the Public Service, notwithstanding subsequent deployments to other jobs in the service. Bill C-26 would also simplify complex provisions relating to release of an employee for poor performance and make specific allowance for employment equity programs.

BUDGETING

Although the requirements of a modern government spending \$158 billion a year must be met on a multi-year basis for planning purposes, the expenditure budget of the Government of Canada is still centred on the annual appropriation process. No funds may be paid out from the Consolidated Revenue Fund (CRF) without authorization by Parliament. While 70% of all spending is by continuing statutory appropriation (e.g., \$6.8 billion for health care transfers to the provinces in 1990-91), the balance, including discretionary spending, is voted in Appropriation Acts in the annual cycle of supply in Parliament, the specified periods for consideration of Main and Supplementary Estimates. Amounts established for votes in Appropriation Acts are not to be exceeded, although

over-expenditures occur regularly (\$131 million in 1989-90), and unspent funds lapse, i.e., revert to the CRF, and are no longer available to the program (\$2.6 billion in 1989-90). The Estimates seek resources in two forms: dollars (operating and capital budgets) and person-years. Person-year authorities are a control mechanism used by Treasury Board to limit the average number of employees that a department can use to deliver its programs; a person-year represents the annual employment of one person or the equivalent, e.g., three persons employed for four months each.

Public Service 2000 proposes dropping person-year controls in favour of an operating budget, moving towards multi-year spending and consolidating the present vote structure. The operating budget gives the program manager control over salary, operating and minor capital funds; person-years would no longer be centrally controlled and allocated. Managers would become responsible for choosing their mix of resources and would be able to trade off salary versus other expenditures (such as contracting-out) - a freedom denied them with person-year controls. The White Paper announced implementation of operating budgets across the Public Service by 1 April 1993 and pilot projects are underway for the 1991-92 fiscal year at the National Research Council and parts of the Department of Indian Affairs and Northern Development. The implementation of multi-year authorization of spending and consolidation of votes awaits a consultation process with the House of Commons Standing Committee on Public Accounts and the Auditor General (also announced in the White Paper). Among the changes proposed are: a 2% carryover on departments' Main Estimates to eliminate annual lapses of funds; allowing organizations to keep revenues generated through economies, sales of surplus assets, etc. that now must be paid into the CRF; and raising the threshold for the size of votes from the existing \$5 million to \$250 million for capital expenditures and \$100 million for transfer payments. The last measure would significantly reduce the number of votes in the Estimates; the overall goal is one vote per program.

DELEGATION AND RULE SIMPLIFICATION

Public Service 2000 has built upon a trend, already well-established in other government initiatives, to delegate human resource authorities to deputy ministers and simplify the rulebooks. The delegation to deputy ministers in areas such as staffing specifically includes the authorization of further delegation within departments to senior managers; one of the early initiatives of Public Service 2000 (April 1990) was to obtain Public Service Commission agreement to such further delegation. An overview of the situation would see two central agencies, the PSC and TBS, allowing, respectively, greater delegation of controls over appointments and increasing freedom from specific approvals for expenditures. The key concept is monitoring, as opposed to hands-on control, although PSC would continue to be a parliamentary agency with statutory duties to protect the merit system and TBS would exercise far greater discretion via budgetary controls. Both agencies have dramatically thinned out their rulebooks, e.g., staffing documentation has been cut from 6,000 to 160 pages. However, such activity was well underway before Public Service 2000 was announced.

Public Service 2000 has also stimulated a wide range of administrative reforms to simplify procedures for everything from travel claims (84 audit steps) to acquiring microcomputers (a 400-day process in one department). The goal, in the words of Mr. John Edwards, Manager of Public Service 2000, is to move away from heavy-handed central controls and a mentality of risk avoidance to an environment of innovation and risk-taking in which front-line staff have the authority to respond effectively to their clients' needs (remarks before the Public Accounts Committee 29 March 1990).

ACCOUNTABILITY AND DIVISION OF RESPONSIBILITIES

Although the White Paper emphasizes the implementation of accountability measures to counterbalance increasing delegation of authority to senior managers, the government's record in this area has been

the subject of much criticism from the Auditor General and the Public Accounts Committee, which, in its 7th Report (tabled 8 November 1990), noted:

In view of the greater emphasis being placed on delegation of authority to departments and empowerment of senior managers within departments...equal attention must be paid to workable accountability mechanisms. The Auditor General continues to find, based on his audit evidence, that there is not effective monitoring, rendering of accounts or evaluation of effectiveness in many instances of delegation of human resource authorities.

The same sources have also expressed concerns about a related area: the division of responsibilities for personnel management between the Privy Council Office, the Treasury Board and the Public Service Commission:

(A) basic concern of your Committee is the development of a clear and effective division of responsibilities between the Public Service Commission and the Treasury Board Secretariat. Equally important is the creation of a focal point for visible leadership and overall accountability for the management of people...(The) Committee has twice recommended that the central agencies resolve problems of overlapping responsibilities and yet the Auditor General continues to find a lack of clarity in the respective roles of the Commission, the Board and the Privy Council Office.

A good example of the problem of divided responsibility is presented by staff training and development, which is subject to Treasury Board policy guidelines but has been delegated to the PSC for management and special area training and to departments for line training functions.

The accountability measures proposed by Public Service 2000 centre on the role of deputy ministers and on the concept of personal accountability. Procedures to hold deputy ministers accountable include a better definition of the performance reviews undertaken by the Committee of Senior Officials, a small group chaired by the Clerk of the Privy Council, and provisions of Bill C-26 which name the Clerk of the Privy Council "Head of the Public Service" and specify that in this capacity the Clerk must

submit an annual report to the Prime Minister (which is then tabled in Parliament). With respect to personal accountability, each manager in the Public Service is expected to develop a statement of anticipated results and performance standards which will work up and down the chain of command, holding managers accountable and tying in with the duties of their subordinates.

{ The focus on personal accountability in Public Service 2000 contrasts with the call for organizational accountability put forward by the Lambert Commission (Royal Commission on Financial Management and Accountability, 1979), and in large measure not implemented. The dependence of a system of personal accountability on measurable goals and performance standards, as well as job evaluations or appraisals, raises the issue of the continual difficulty of developing reliable performance information in the government, as attested to by the Auditor General in his government-wide 1987 Financial Management and Control Study:

With few exceptions, information on efficiency of operations is inadequate to support resource allocations or to ensure the efficient management of available resources. The proportion of resources covered by performance measures is low. Most performance standards are based on historical data, with no assurance that these in fact represent efficient standards of performance. (paragraph 4.82)

The White Paper also acknowledges that Public Service managers have not been used to exercising personnel management responsibilities and that the changes under Public Service 2000 would require them to become more conversant with personnel, financial and administrative systems that were previously handled by experts in these areas through centralized controls. Perhaps the greatest challenge under these circumstances (also noted in the White Paper) is that many managers in the Public Service have advanced to their positions because of policy - not managerial - expertise and will require substantial assistance from personnel branches and through training to handle their new responsibilities.

In the area of the division of responsibilities among central agencies and departments, the deployment provisions would transfer

a large part of staffing from the Public Service Commission to the employer (Treasury Board) and enhanced delegations to departments would affect both the Commission and the Board; however, the roles of the central agencies would be otherwise maintained and are to some extent (e.g., the role of the Clerk of the Privy Council) clarified in Bill C-26.

SERVICE DELIVERY

The White Paper emphasizes the government's intention to create a client-oriented Public Service, noting that this is a major change, "since the Public Service has not been used to regarding Canadians as clients" (p. 51). The Task Force on Service to the Public recognized that government offers three types of service to the public, only one of which, the provision of benefits, is analogous to the private sector's customer-service orientation; the other two types of service are the development of policy, legislation, etc. to support ministers and the administration of regulatory and other constraints.

While there are several specific proposals, such as improved managerial and staff training and better use of information technology, a good many of Public Service 2000's "service" recommendations relate to behavioural change. For example, emphasis is placed on improving responsiveness to the client through better monitoring and consultation and through a program of improving leadership skills among Public Service managers. This sort of change is seen as long-term in nature:

significant improvement in organizational performance results from an integrated approach to changing an organization's culture, over time, rather than tinkering with changes in specific management techniques in the hunt for quick fixes.(6)

The White Paper also calls upon deputy ministers to establish clear standards of service and ensure that information about client satisfaction and suggestions for improving service are regularly sought from both clients and employees.

(6) Canada, Public Service 2000, *Service to the Public Task Force Report*, October 1990, p. 82.

APPENDIX "A"

MAJOR STUDIES OF PUBLIC SERVICE REFORM: GLASSCO, LAMBERT AND D'AVIGNON

Among the major antecedents of Public Service 2000 are the Glassco Commission, the Royal Commission on Financial Management and Accountability (the Lambert Commission, 1979) and the Report of the Special Committee on the Review of Personnel Management and the Merit Principle (the D'Avignon Committee, also 1979). The main thrust of the Glassco Commission, to decentralize the control over the day-to-day operations of departments, was in large measure implemented. An elaborate system of central controls, inherited from the era of the Great Depression, was replaced by far greater latitude for departments in awarding contracts, classifying positions, reallocating funds within programs and so on. Also arising out of Glassco and the extensive organization changes that accompanied the introduction of collective bargaining (late 1960s) was an important realignment of institutional responsibilities with the executive, in the form of Treasury Board and its newly created Secretariat, becoming responsible for the personnel management function in place of the Public (then Civil) Service Commission. In contrast to Glassco, the Lambert Commission came about in circumstances that brought strong criticism to bear on the lack of accountability and financial control in the federal apparatus (the Auditor General's 1974-1976 Reports on weaknesses in financial administration). It recommended enhanced central controls and a wide range of related institutional reforms. The outcome was a series of new measures to tighten financial and administrative controls, including the establishment of a new Office of the Comptroller General, reporting to the Treasury Board president. The D'Avignon Committee reported at the same time as Lambert but focused much more on the issues of personnel management in accordance with its mandate to review the application of the merit principle and employer-employee relations. Among the major areas of the D'Avignon report implemented by the government were the establishment of a management occupational category (in 1980) and several specific reforms in staffing and training of public servants.

APPENDIX "B"

CLASSIFICATION STRUCTURE RECOMMENDED BY PUBLIC SERVICE 2000

PROPOSED NEW GROUPS

<u>NEW</u>	<u>SUB-GROUPS</u>	<u>NUMBER OF LEVELS</u>	<u>FORMER</u>
EXECUTIVE		3	Senior Management Executive Group
ADMINISTRATION		6	Administrative Services Financial Administration Personnel Administration Information Services Program Administration Organization and Methods Purchasing Welfare Programs Clerical and Regulatory Secretarial Stenographic and Typing Communications Data Processing Office Equipment Social Science Support Library Sciences
OPERATIONAL	Firefighters Trades Skilled Lightkeepers Ship Repairs Ships Crews	7	Firefighters General Labour and Trades General Services Hospital Services Heating and Power Lightkeepers Ship Repair Ships Crews
TECHNICAL		5	Drafting and Illustration Engineering Support General Technical Photography Technical Inspection Primary Products Inspection Radio Operators
CORRECTIONAL		2	No change
COMPUTER SYSTEMS		5	No Change

SCIENCES	5	Physical Sciences Chemistry Biological Sciences Forestry Meteorology Scientific Regulation Agriculture
AUDITING	5	No change
SOCIAL SCIENCES	5	Economics, Sociology and Statistics Mathematics Actuarial Science Social Science Support
SHIP OFFICERS	5	Ship Officers
ARCHITECTURE/ ENGINEERING	5	Architecture and Town Planning Engineering and Land Survey
RESEARCH	5	Scientific Research Defence Scientist Historical Research
ELECTRONICS	5	No change
AIR TRAFFIC SAFETY	5	Air Traffic Control Radio Operations
HEALTH CARE	5	Dentistry Medicine Home Economics Nursing Pharmacy Occupational Therapy Psychology Dentistry Medicine Social Worker
EDUCATION	5	Education University Teaching Education Support
COMMERCE	4	No change
FOREIGN SERVICE	4	Current FS group plus non-managerial SM/EX in External Affairs
TRANSLATION	5	No change
PRINTING OPERATIONS		No change
LAW	3	No change
VETERINARY MEDICINE	5	No change
AIRCRAFT OPERATIONS	5	No change

<u>New Group</u>	<u>Former Groups</u>	<u>Employees as of Dec. 31, 1989</u>
EXECUTIVE	EX, SM	4,632
ADMINISTRATIVE	AS, FI, PE, IS, PM, OM, PG, WP, CR, ST, CM, DA, OE, SI, LS	116,843
OPERATIONAL	FR, GL, GS, HS, HP, LI, SR, SC	30,688
TECHNICAL	DD, EG, GT, PY, TI, PI, RO	16,230
CORRECTIONAL	CX	4,689
COMPUTER SYSTEMS	CS	4,552
SCIENCES	PC, CH, BI, FO, MT, SG, AG	4,070
AUDITING	AU	3,782
SOCIAL SCIENCES	ES, MA, AC, SI	3,760
SHIPS OFFICERS	SO	1,394
ARCHITECTURE / ENGINEERING	AR, EN	3,179
RESEARCH	SE, DS, HR	3,045
ELECTRONICS	EL	2,939
AIR TRAFFIC SAFETY	AI, RO	2,639
HEALTH CARE	HE, NU, OP, PS, DE, MD, SW, PH	2,167
EDUCATION	ED, UT, EU	2,099
COMMERCE	CO	1,931
FOREIGN SERVICE	FS	1,126
TRANSLATION	TR	1,036
PRINTING OPERATIONS	PR, PR-SUP	1,025
LAW	LA	988
VETERINARY MEDICINE	VM	615
AIRCRAFT OPERATIONS	AO	607

